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Congress of the United States
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Washington, DC 20515

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June 10, 2020

The Honorable Jovita Carranza
Administrator
U.S. Small Business Administration
409 3rd Street, S.W.
Washington, D.C. 20416

Administrator Carranza,

As thousands of small businesses find themselves unable to open, and bad actors destroy the property of small business owners already under dire financial straits, our small businesses are turning to their local, state, and federal governments for assistance. Our answer in Congress was to pass the *Coronavirus Aid, Relief, and Economic Security (CARES) Act*, among a number of other pieces of legislation passed for support. Your agency's Economic Injury Disaster Loan (EIDL) program is a key part of this relief. Unfortunately, my office has heard from dozens of small business owners who find that this program has failed them. I urge you to make drastic and much-needed reforms to the EIDL program, especially to better serve our minority-owned businesses. I also request that your agency provides clarity on how these loans will be adjudicated and disbursed moving forward.

Problems with the EIDL program are mounting, and as I've stated in my previous May 7 letter, small businesses are suffering because of them. The EIDL program was intended to provide working capital to businesses suffering revenue loss as a result of the COVID-19 pandemic. These funds were not meant to be capped below the statutory limit of \$2 million, and they certainly were not intended to be closed off to a certain sector of our business--yet that is exactly what your agency has done. The arbitrary \$150,000 cap, in addition to prohibiting non-agricultural businesses from applying for EIDL, render this program inert, and only increases the financial stress small business owners are already facing.

In spite of these massive setbacks, non-agricultural businesses in New York's 11th Congressional District and across the country still have outstanding applications, and they are being left only with confusion and disappointment. Inquiry requests sent by my office regarding the status of EIDL applications are left unanswered for weeks, and when they are answered, we are unable to give these businesses any clarity on when their loan application will be processed.

Additionally, my office has been shown a number of denials that applicant businesses would like to see reversed. While you provide details on the method to appeal the decision, the letter of decline only cites that applicant appeals must “contain all significant information that will overcome the decline/withdrawal reason(s).” Business owners are left unsure which documents to submit, and if they’ll be able to continue furnishing documents should they be needed. They have also told me of the incredible difficulty to reach a representative of the SBA by phone. I urge you to clarify this process, and implement a web field for such inquiries on the Small Business Administration (SBA) website. The need for these reforms is highlighted by recent reports that only 12% of minority-owned businesses surveyed received the relief they asked for through SBA. We must ensure that disbursement of this relief is equitable, and I urge your agency to take the lead.

While my fellow Representatives in Congress and I are working on avenues of relief through other federal agencies, the onus remains on the SBA to carry out the task of supporting our small businesses through the Paycheck Protection Program and the EIDL program. As cities around the country prepare to fully reopen, we must not let our small business owners fall through the cracks. To do so would not only be devastating for our local communities, but it would be an immoral act that our government could never recover from. Thank you for your consideration, and I look forward to your prompt reply on this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Max Rose", followed by a horizontal line.

Max Rose
Member of Congress